

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2345**

---

**Introduced by Assembly Member De La Torre**

February 19, 2010

---

An act to amend Section 10113.95 of add Section 1342.1 to the Health and Safety Code, and to add Section 10121.8 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 2345, as amended, De La Torre. ~~Individual health care coverage: health insurers.~~ *Health care.*

*Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance.*

*This bill would, on and after January 1, 2011, require health care service plans and health insurers that issue, sell, renew, or offer contracts or group policies for health care coverage in this state to meet the requirements of specified provisions of the federal Public Health Service Act.*

*Because a violation of these provisions by a health care service plan would be a crime, this bill would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

~~Existing law provides for the regulation of health insurers by the Department of Insurance and requires a health insurer to have written policies, procedures, and underwriting guidelines establishing the criteria and process whereby the insurer makes its decision to provide or to deny coverage to individuals who apply for coverage and sets the rate for that coverage. Existing law requires an insurer to annually file with the commissioner a general description of the criteria, policies, procedures, or guidelines that the insurer uses for rating and underwriting decisions related to individual health insurance policies, as specified, and requires the commissioner to make specified information available on its Internet Web site regarding rating, underwriting criteria, and practices in the individual market.~~

~~This bill would make technical, nonsubstantive changes to those provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

- 1     *SECTION 1. Section 1342.1 is added to the Health and Safety*
- 2     *Code, to read:*
- 3     *1342.1. On and after January 1, 2011, every health care service*
- 4     *plan that issues, sells, renews, or offers contracts for health care*
- 5     *coverage in this state in the small or large group markets shall*
- 6     *meet the requirements of Part A (commencing with Section 300gg)*
- 7     *of Subchapter XXV of Chapter 6A of Title 42 of the United States*
- 8     *Code.*
- 9     *SEC. 2. Section 10121.8 is added to the Insurance Code, to*
- 10    *read:*
- 11    *10121.8. On and after January 1, 2011, every health insurer*
- 12    *that issues, sells, or offers group policies for health care coverage*
- 13    *in this state in the small or large group markets shall meet the*
- 14    *requirements of Part A (commencing with Section 300gg) of*
- 15    *Subchapter XXV of Chapter 6A of Title 42 of the United States*
- 16    *Code.*
- 17    *SEC. 3. No reimbursement is required by this act pursuant to*
- 18    *Section 6 of Article XIII B of the California Constitution because*
- 19    *the only costs that may be incurred by a local agency or school*

1 *district will be incurred because this act creates a new crime or*  
2 *infraction, eliminates a crime or infraction, or changes the penalty*  
3 *for a crime or infraction, within the meaning of Section 17556 of*  
4 *the Government Code, or changes the definition of a crime within*  
5 *the meaning of Section 6 of Article XIII B of the California*  
6 *Constitution.*

7 ~~SECTION 1.—Section 10113.95 of the Insurance Code is~~  
8 ~~amended to read:~~

9 ~~10113.95. (a) A health insurer that issues, renews, or amends~~  
10 ~~individual health insurance policies shall be subject to this section.~~

11 ~~(b) An insurer subject to this section shall have written policies,~~  
12 ~~procedures, or underwriting guidelines establishing the criteria~~  
13 ~~and process whereby the insurer makes its decision to provide or~~  
14 ~~to deny coverage to individuals applying for coverage and sets the~~  
15 ~~rate for that coverage. These guidelines, policies, or procedures~~  
16 ~~shall assure that the plan rating and underwriting criteria comply~~  
17 ~~with Sections 10140 and 10291.5 and all other applicable~~  
18 ~~provisions.~~

19 ~~(c) On or before June 1, 2006, and annually thereafter, every~~  
20 ~~insurer shall file with the commissioner a general description of~~  
21 ~~the criteria, policies, procedures, or guidelines that the insurer uses~~  
22 ~~for rating and underwriting decisions related to individual health~~  
23 ~~insurance policies, which means automatic declinable health~~  
24 ~~conditions, health conditions that may lead to a coverage decline,~~  
25 ~~height and weight standards, health history, health care utilization,~~  
26 ~~lifestyle, or behavior that might result in a decline of coverage or~~  
27 ~~severely limit the health insurance products for which an individual~~  
28 ~~would be eligible. An insurer may comply with this section by~~  
29 ~~submitting to the department underwriting materials or resource~~  
30 ~~guides provided to agents and brokers, provided that those materials~~  
31 ~~include the information required to be submitted by this section.~~

32 ~~(d) Commencing September 1, 2006, the commissioner shall~~  
33 ~~post on the department's Internet Web site, in a manner accessible~~  
34 ~~and understandable to consumers, general, noncompany specific~~  
35 ~~information about rating and underwriting criteria and practices~~  
36 ~~in the individual market and information about the California Major~~  
37 ~~Risk Medical Insurance Program. The commissioner shall develop~~  
38 ~~the information for the Internet Web site in consultation with the~~  
39 ~~Department of Managed Health Care to enhance the consistency~~

1 of information provided to consumers. Information about individual  
2 health insurance shall also include the following notification:  
3 “Please examine your options carefully before declining group  
4 coverage or continuation coverage, such as COBRA, that may be  
5 available to you. You should be aware that companies selling  
6 individual health insurance typically require a review of your  
7 medical history that could result in a higher premium or you could  
8 be denied coverage entirely.”  
9 (e) Nothing in this section shall authorize public disclosure of  
10 company-specific rating and underwriting criteria and practices  
11 submitted to the commissioner.  
12 (f) This section shall not apply to a closed block of business, as  
13 defined in Section 10176.10.